

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Center of Hope Apartments, located at 1201 Industrial Street in Redding, requested and is being recommended for a reservation of \$1,029,000 in annual federal tax credits to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 15-50% of area median income (AMI). The project will be developed by ADK Properties LLC and will be located in Senate District 1 and Assembly District 1.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-089

Project Name Center of Hope Apartments
Site Address: 1201 Industrial St.
Redding, CA 96002 County: Shasta
Census Tract: 103.000

Tax Credit Amounts	Federal/Annual*	State/Total
Requested:	\$1,029,000	\$0
Recommended:	\$1,029,000	\$0

*Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Center of Hope Apartments, LP
Contact: Daniel Knott
Address: 1011 Parkview Avenue, Suite A
Redding, CA 96001
Phone: (530) 244-0595
Email: dknott@k2dci.com

General Partner(s) / Principal Owner(s): Community Revitalization and Development Corporation
Center of Hope Apartments, LLC

General Partner Type: Joint Venture

Parent Company(ies): Community Revitalization and Development Corporation
ADK Properties LLC

Developer: ADK Properties LLC

Investor/Consultant: Raymond James

Management Agent(s): FPI Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 49
 No. & % of Tax Credit Units: 48 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (29 units - 60%)

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Northern Region
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 20% AMI: 19	39%
At or Below 30% AMI: 17	35%
At or Below 50% AMI: 12	25%

Unit Mix

12 1-Bedroom Units
 24 2-Bedroom Units
 13 3-Bedroom Units

 49 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	15%	\$199
5 1 Bedroom	20%	\$266
7 2 Bedrooms	20%	\$319
8 2 Bedrooms	30%	\$479
8 2 Bedrooms	50%	\$798
5 3 Bedrooms	25%	\$461
4 3 Bedrooms	30%	\$553
4 3 Bedrooms	50%	\$923
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$594,624
Construction Costs	\$14,942,373
Rehabilitation Costs	\$0
Construction Contingency	\$917,199
Relocation	\$0
Architectural/Engineering	\$493,874
Const. Interest, Perm. Financing	\$1,193,174
Legal Fees	\$241,999
Reserves	\$572,062
Other Costs	\$801,403
Developer Fee	\$2,200,000
Commercial Costs	\$204,941
Total	\$22,161,649

Residential

Construction Cost Per Square Foot:	\$341
Per Unit Cost:	\$447,469
True Cash Per Unit Cost*:	\$447,127

Construction Financing

Source	Amount
Citi	\$18,099,127
Deferred Reserves	\$572,062
Deferred Developer Fee	\$1,700,000
Tax Credit Equity	\$1,790,460

Permanent Financing

Source	Amount
Citi	\$2,630,864
HCD - MHP	\$6,901,453
HCD - NPLH	\$2,534,895
HCD - NPLH	\$889,538
Deferred Developer Fee	\$16,918
GP Loan - Commercial Costs	\$235,682
Tax Credit Equity	\$8,952,299
TOTAL	\$22,161,649

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,794,871
130% High Cost Adjustment:	yes
Applicable Fraction:	100.00%
Qualified Basis:	\$11,433,332
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,029,000
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,169,259
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.87000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Disaster Credit Tie Breaker Information

First:	No
Second :	Yes
Third:	\$17,078.89

Significant Information / Additional Conditions: None

Resyndication and Resyndication Transfer Event: None

Local Reviewing Agency

The Local Reviewing Agency, City of Redding, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Negative Points		0	0
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/3 mile of transit, service every 30 minutes in rush hours	6	6	6
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 3/4 mile of a public Elementary School	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.